

IATA: AVIATION INDUSTRY HAS 25 MILLION JOBS AT RISK



According to Pew Research, 93% of the world's population are now the subject of travel restrictions because of the Corona crisis. Almost every country in the world has some form of entry restriction. As a result, the aviation industry fears the loss of 25 million jobs and calls on governments around the world to provide financial aid. Worldwide, the livelihoods of 65.5 million people depend on airlines, the majority of them in related industries such as tourism, reported the International Air Transport Association (IATA).

If the severe travel restrictions continue for three months, IATA sees more than a third of these jobs at risk, of which 11.2 million are in the Asia-Pacific region. The **European aviation industry would be the second most affected, with 5.6 million jobs at risk.**

IATA estimates that the industry's passenger revenue in 2020 will be around 44% lower worldwide than in 2019, with demand expected to fall by as much as 70% in the second quarter. This would mean that airlines would practically burn up funds amounting to 61 billion US dollars.

"There are no words to adequately describe the devastating effects of COVID-19 on the aviation industry," said IATA chief Alexandre de Juniac. The association called on governments to provide "immediate" assistance to airlines in the form of direct financial aid, loans, guarantees and support for the corporate bond market. "A lifeline for the airlines is now crucial," he said. If the pandemic is contained, airlines must be viable businesses that can lead to the recovery of the economy.

Air France CEO Anne Rigail said that the respective managements of Air France and KLM "are in discussions with the two shareholder states on the possible form of the aid to the Air France-KLM group. The recovery will be slow, even very slow. It will take many months to recover. We will be permanently affected, with a question mark over the change in passenger behavior".

To date, almost all the employees of Air France, Transavia and Hop! have been placed in partial employment. This is similar to the measure taken by British Airways at the beginning of April. More than 30,000 employees (out of 45,000) have been placed on partial unemployment, a measure which is expected to last until the end of May. Its 4,000 pilots took unpaid leave in April and May. The IAG group, the parent company of British Airways, is applying similar agreements for Aer Lingus, Iberia and Vueling. IAG announced earlier this month that redundancies would be unavoidable in an attempt to recover from the crisis.

Restructuring and partial unemployment are also choices made by Lufthansa. The German giant has in fact placed 60% of its employees in partial activity and decided to close its subsidiary Germanwings for good. Germanwings had already been integrated into Lufthansa's low-cost subsidiary Eurowings for several years and the group had already announced its intention to close it down. The group is going even further by reducing its transport capacity "permanently": at least 42 aircraft will be withdrawn from the fleet of 763 to date. The "total lifting of travel restrictions will take months" and the return of demand to normal levels "will take years", justifies Lufthansa.

In the U.S. the number of air passengers has dropped by about 96% amid the coronavirus pandemic,

according to multiple metrics. Transportation Security Administration officers announced that the numbers are at a 10-year low. US airlines for example currently have about 1,800 planes parked, representing about 30% of the fleet. Several regional airlines have been forced to suspend operations or close completely. The passenger airlines are currently awaiting their first payment from a \$25 billion federal fund to help them meet payroll.

In IATA's view, there are still more hurdles to be overcome before flight operations can resume. "We have no experience in this," Juniac said. **Licenses and approvals may have lost their validity in the meantime, so new regulations are needed here.** "To be successful, the aviation industry and governments must coordinate and cooperate." However, the airline industry after the crisis is unlikely to be the same as before, Juniac pointed out.

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